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**FISCAL IMPACT STATEMENT**

**LS 6731**

**BILL NUMBER:** SB 315

**NOTE PREPARED:** Feb 24, 2008

**BILL AMENDED:** Feb 21, 2008

**SUBJECT:** Aging and Long-Term Care Services.

**FIRST AUTHOR:** Sen. Dillon

**FIRST SPONSOR:** Rep. Hoy

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill requires rules to be adopted to: (1) implement a screening and counseling program for individuals seeking long-term care services; and (2) implement a process of prior approval for certain individuals seeking admission to a nursing facility; and (3) the biannual review of Medicaid waiver reimbursement rates.

The bill provides that a person who has made certain asset transfers is not eligible for residential care assistance. It also allows a residential care placement in residential programs licensed or certified by the Division of Mental Health and Addiction.

The bill transfers the Adult Guardianship Program from the Division of Aging to the Division of Disability and Rehabilitative Services.

The bill prohibits the State Department of Health from approving the certification of new or converted comprehensive care beds for participation in the Medicaid program until July 1, 2011, unless the state comprehensive care bed occupancy rate is more than 95% in health facilities. It allows for an exception for replacement beds if specified requirements are met. The bill makes conforming and technical changes.

**Effective Date:** July 1, 2008.

**Explanation of State Expenditures:** (Revised) *Long-Term Care Screening Program:* This bill would delay until December 31, 2008, a provision that would allow OMPP to require a Medicaid-eligible person being discharged from a hospital to a nursing facility to have prior approval from OMPP before being admitted to the nursing facility after June 30, 2008. The prior authorization provision was enacted in SEA 208-2007 and

was expected to result in cost savings as a result of increasing the number of diversions from avoidable nursing home admissions. The Division of Aging reports that a prior authorization program could not be put into place before December 31, 2008, anyway. Therefore, the delay in implementation is not expected to impact any anticipated savings. The bill requires the Division to promulgate rules to implement a prior authorization program and a long-term care screening and counseling program.

The bill also requires the Division to adopt rules to implement a biannual review of Medicaid waiver services reimbursement rates. Rule-making activities are administrative in nature and the Division should be able to accomplish the required rule-making tasks within its existing level of resources. Any actions or outcomes subsequently taken with regard to implementing the adopted rules would depend on administrative actions.

The CHOICE Program is a state program operated with 100% state General Funds.

The Medicaid program is jointly funded by the state and federal governments. The state share of program expenditures is approximately 38%. Medicaid medical services are matched by the federal match rate (FMAP) in Indiana at approximately 62%. Administrative expenditures with certain exceptions are matched at the federal rate of 50%.

(Revised) *Adult Guardianship Program*: The bill transfers the administrative responsibility for the Adult Guardianship Program from the Division on Aging to the Division of Disability and Rehabilitative Services. The change reflects the current administrative location of this program and would require no additional resources.

(Revised) *Residential Care Assistance Program*: The bill would allow the 100% state-funded Residential Care Assistance program (RCAP) to expand the type of licensure required for facilities to participate in the program from only those licensed by the Department of Health to include facilities licensed by the Division of Mental Health and Addiction (DMHA). This provision would allow community residential programs for the mentally ill that are licensed or certified by DMHA to participate in RCAP. The bill would only expand the types of facilities that may participate; the program participation would remain limited by the level of the annual appropriation. The RCAP appropriation is \$11.4 M each year of the FY 2008-FY 2009 budget biennium. The RCAP appropriation reverted \$321,000 to the General Fund in FY 2007. The bill also specifies that individuals that have made asset transfers prohibited under the State Medicaid Plan in order to be eligible for Medicaid are not eligible for residential care assistance.

(Revised) *Certification for Replacement of Comprehensive Care Beds*: The bill provides that the State Department of Health (ISDH) may not certify any additional comprehensive long-term care beds for participation in the Medicaid program unless the statewide occupancy rate is more than 95% as calculated annually by ISDH on January 1. The provisions of the bill would apply to comprehensive care beds that are certified for Medicaid only, or dually certified for Medicaid and Medicare participation. Beds certified only for Medicare participation or licensed for private pay patients would not be affected by the provisions of the bill. The bill would allow facilities to replace beds that are currently certified for Medicaid participation if the replacement is approved by the Division of Aging and the replacement beds meet ISDH certification requirements. The Division of Aging would be required to collect and verify information regarding the transfer of comprehensive care bed certifications among facilities. The ISDH has reported that this provision would have minimal impact on the survey activities of the Department. The provisions of the bill would provide a maximum cap on the number of Medicaid certified beds statewide while allowing a procedure to build or transfer certifications from long-term care facilities with excess capacity to facilities experiencing demand for Medicaid beds.

**Explanation of State Revenues:** See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid program.

**Explanation of Local Expenditures:** (Revised) *Certification for Replacement of Comprehensive Care Beds:* Local government-owned long-term care facilities could be impacted by the Medicaid comprehensive care bed certification cap. The extent of the impact would depend on individual circumstances.

**Explanation of Local Revenues:**

**State Agencies Affected:** Division of Aging, Division of Disability and Rehabilitative Services, and OMPP, Family and Social Services Administration.

**Local Agencies Affected:**

**Information Sources:** Family and Social Services Administration.

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